

Message Text

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16

ACTION EA-14

INFO OCT-01 EUR-25 ADP-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15

USIA-15 IO-13 AID-20 OMB-01 ABF-01 TRSE-00 IGA-02

RSR-01 /146 W

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R 040450Z AUG 73

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC 5538

INFO AMEMBASSY BUDAPEST

AMEMBASSY JAKARTA

AMEMBASSY OTTAWA

AMEMBASSY WARSAW

USDEL JEC PARIS

C O N F I D E N T I A L SAIGON 14070

E.O. 11652: GDS

TAGS: MARR VS

SUBJECT: ICCS FINANCING: INCOME,PAYMENTS, DEBTS

REF: A. SAIGON 13357

B. SAIGON 13208

C. SAIGON 13074

D. STATE 153087

SUMMARY: ICCS HAS CLAIMED SINCE SPRING IT IS TOTTERING ON
BRINK FINANCIAL INSOLVENCY, HAS REPORTED CONTRACTORS HAVE
THREATENED FREQUENTLY CURTAIL NECESSARY SERVICES IF NOT PAID
PROMPTLY. IN EFFORT OBTAIN CLARIFICATION. EMBOFF HAS DONE SOME
RESEARCH, CONSULTED SECRETARIAT OFFICIALS AND CONCLUDES ICCS
INDEED LIVING HAND TO MOUTH EXISTENCE, ON OCCASION ROBBING PETER
TO PAY PAUL. THAT ICCS HAS BEEN ABLE STAY AFLOAT AT ALL TO THIS
DATE EXPLAINABLE ONLY BECAUSE DELEGATIONS HAVE PAID PER DIEM COSTS
FOR THEIR MEMBERS IN JUNE, JULY AND AUGUST AND BECAUSE ICCS
CONSIDERS IT WILL NOT BE CHARGED IN FULL FOR INITIAL SUPPORT AND
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SERVICES. ICCS CONSIDERS APPROVAL OF BUDGET ESSENTIAL FIRST STEP

TOWARD SOLVING FINANCIAL SITUATION. WITHOUT APPROVAL, ICCS DOES NOT EXPECT FOUR PARTIES, PARTICULARLY PRG AND HANOI, TO CONTINUE INDEFINITELY TO MAKE CONTRIBUTIONS ON UNSCHEDULED BASIS. ICCS ALSO EXPECTS CANADIANS WILL BILL PROMPTLY AND THAT BILL WILL BE HIGH. REF D JUST RECEIVED AND NECESSARY STEPS ARE BEING TAKEN. END SUMMARY.

1. ICCS HAS RECEIVED TOTAL OF \$7,125,386.18 FROM CONTRIBUTIONS FOUR PARTIES. USING US DOLLAR FIGURES, WHICH VARY BECAUSE OF FRENCH FRANC EXCHANGE RATE AT TIME CONTRIBUTION WAS MADE, TOTALS OF EACH PARTY ARE : US \$2,001,234.53. RVN \$2,063,430.34. PRG \$1,723,291.09. DRV \$1,337,430.22.

2. NO CONTRIBUTIONS HAVE BEEN MADE BY PARTICIPATING DELEGATIONS AND THE 2 PERCENT OF BUDGET WHICH THEY ARE OBLIGED TO PAY BY THE PROTOCOL WILL BE COUNTED AGAINST REIMBURSEMENT CLAIMS. ALL REIMBURSEMENT CLAIMS ARE ANTICIPATED TO BE CONSIDERABLY HIGHER THAN 2 PERCENT OF PRESENT BUDGET FIGURE OF \$43 MILLION.

3. ICCS EXPENDITURES TO DATE AMOUNT TO \$6,575,209.00 MAJOR COMPONENTS ARE: SUPPLEMENTARY FOOD PAYMENTS (PER DIEM) TO FOUR DELEGATIONS THROUGH MAY \$1,634,600.00 AIR AMERICA (THROUGH JULY 15) \$1,785,000.00. FEC (THROUGH JUNE) \$162,000.00. XEROX (THROUGH JUNE) \$42,800.00. DIRECT HIRE SALARIES \$214,000.00. MINOR CONTRACTS, MOSTLY FOR CONSTRUCTION, AMOUNT TO \$88,957.00. PETTY CASH PURCHASES, SERVICES \$130,000.00.

4. PRESENT CASH ACCOUNT IN CHARTERED BANK, SAIGON, HAS BALANCE OF ABOUT \$300,000.00. FEC ENCUMBERED ACCOUNT TOTALS \$250,000.00.

5. DEBTS IMMEDIATELY DUE AMOUNT TO \$1,024,000.00. OF THIS AMOUNT PA AND E PAYMENT FOR REST OF JULY IS \$400,000.00. FEC (JULY) IS \$90,000.00. ASSOCIATED ENTERPRISES (JULY) IS \$22,000.00. XEROX (JULY) IS \$12,000.00. AIR AMERICA (REMAINING 10 PERCENT OF JULY BILL AND 90 PERCENT IN ADVANCE ON AUGUST BILL) \$500,000.00.

6. OTHER BILLS, OBLIGATIONS OR INDEBTEDNESS AMOUNT TO \$6,030,000. THIS AMOUNT INCLUDES: DEATH BENEFITS SURVIVORS FIVE ICCS CASUALTIES \$100,000.00. REIMBURSEMENT TO ALL FOUR DELEGATIONS ON INITIAL COSTS (TRAVEL, REIMBURSEMENT FOR JUNE PER DIEM PAY-
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MENTS) ESTIMATED AT \$3,600,000.00. PER DIEM PAYMENTS FOR JULY (FOUR DELEGATIONS) AND AUGUST (THREE DELEGATIONS) \$780,000.00. REPLENISHMENT ENCUMBERED ACCOUNTS (AIR AMERICA AND FEC) \$1,550,000.00.

7. ADDITIONAL EXPENSES WILL ARISE IN AUGUST OCCASIONED BY THE ONE-WAY TRAVEL HOME BY THE CANADIAN DELEGATION, ONE-WAY TRAVEL TO SAIGON BY ANTICIPATED REPLACEMENT DELEGATION, AND THE

ROTATION COSTS FOR THE HUNG, POL AND INDO DELEGATIONS.

8. MINIMUM FIXED RUNNING MONTHLY EXPENSES (MOSTLY CONTRACTED OBLIGATIONS) AT THE PRESENT LEVEL OF ICCS OPERATIONS WILL APPROXIMATE \$1,768,000.00. THIS FIGURE DOES NOT INCLUDE ALL MAINTENANCE, VEHICLE AND OTHER EQUIPMENT REPLACEMENT, UNANTICIPATED OR ONE-TIME COSTS, PURCHASE OF OFFICE EQUIPMENT, REPRESENTATION, REPLENISHMENT OF DRAWN-DOWN ACCOUNTS, ETC.

9. ALTHOUGH RECENT NEWSPAPER ACCOUNTS HAVE PAINTED PICTURE OF ICCS FINANCIAL IRRESPONSIBILITY, EMBOFF BELIEVES FIGURES REPORTED THIS TELEGRAM WHICH HAVE BEEN CROSS-CHECKED WITH ICCS INDICATE ICCS HAS BEEN ATTEMPTING TO OPERATE AS EFFECTIVELY AND EFFICIENTLY AS POSSIBLE IN EXTREMELY DIFFICULT FINANCIAL CIRCUMSTANCES. ALTHOUGH THERE MAY WELL BE INFLATED OR EXAGGERATED FIGURES IN THE BUDGET PROPOSALS OF THE VARIOUS DELEGATIONS. INQUIRIES PURSUANT TO REF D WILL ILLUMINATE MATTER FURTHER.

10. ICCS CONSIDERS BUDGET APPROVAL BY ALL FOUR PARTIES A NECESSARY FIRST STEP, SINCE ONCE BUDGET APPROVED PARTIES OBLIGATED TO PAY 23 PERCENT OF BUDGET FIGURE. ICCS HOWEVER DOES NOT EXPECT PRG AND HANOI WILL MAKE PAYMENT PROMPTLY AND FINANCING WILL CONTINUE TO BE A PROBLEM AFTER BUDGET APPROVED. SOME ICCS OFFICIALS CONSIDER DELAY IN PRG AND HANOI SECOND TRANCHE PAYMENT REFLECT FINANCIAL OR HARD-CURRENCY DIFFICULTIES; OTHERS, MOSTLY CANADIANS IN PAST, SUGGEST DELAY INDICATES PRG AND HANOI WISH TO CRIPPLE ICCS THROUGH LACK FINANCIAL SUPPORT.

11. COMMENT: EMB SENDING BY POUCH TO DEPARTMENT REPORT SUMMARIZED ABOVE. EMB ALSO BEGINNING STUDY ON BUDGET REQUESTED REF D.
MARTIN

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